

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 10/5/2017

GAIN Report Number:

South Africa - Republic of

Post: Pretoria

The Budding Blueberry Industry in South Africa

Report Categories:

Fresh Fruit

Retail Foods

Approved By:

Kyle Bonsu

Prepared By:

Wellington Sikuka

Report Highlights:

This is Post's first report on the South African blueberry industry. The blueberry industry is small relative to other domestic fruit industries such as citrus, apples, pears and table grapes. However, the industry is growing rapidly due to domestic and international investments in the sector. The South African blueberry sector is export oriented, with at least seventy percent of the production being exported. Opportunities for the United States may include investments in blueberry production and products; researching, supplying and licensing better varieties; and bio-pesticides and fertilizers.

Commodities:

Blueberry

Sources:

South African Berry Producers Association (SABPA) - www.saberries.co.za

HORTGRO - <http://hortgro.co.za/>

Freshplaza - <http://www.freshplaza.com/article/171132/Phenomenal-growth-in-South-African-blueberry-industry>

MY – Marketing Year (September to August)

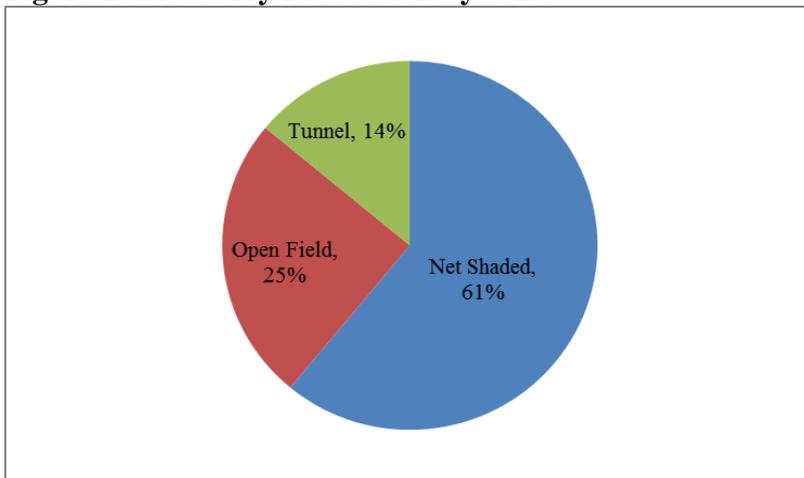
Exchange Rate – US\$ 1 = R13

Background

The South African blueberry industry is small relative to other local fruit industries. The area planted to blueberry is estimated at about 1,300 hectares in the 2016/17 MY and is projected to grow significantly to about 2,000 hectares by 2020. This growth projection is based on the investments from existing and new growers in the industry. Growth in the area planted to blueberry has averaged above thirty percent per annum over the last five years. This growth has largely been driven by expansion of the local blueberry growers and the entry of international growers, especially from Europe. The Industrial Development Corporation (IDC) has also been a driving force in developing the berry sector by funding various projects across the country and encouraging the establishment of the new industry association, the South African Berry Producers Association (SABPA).

The South African blueberry harvest season traditionally starts in September and ends in mid-February. There are three varieties of blueberries grown in South Africa; Northern Highbush, Southern Highbush and Rabbiteye. About sixty one percent of the production is under nets as shown in **Figure 1**. The use of nets is driven by the retail and export market demands, which require minimal use of pesticides and also to protect blueberries from rain, hail and heat damage.

Figure 1: Blueberry Production Systems



Source: SABPA

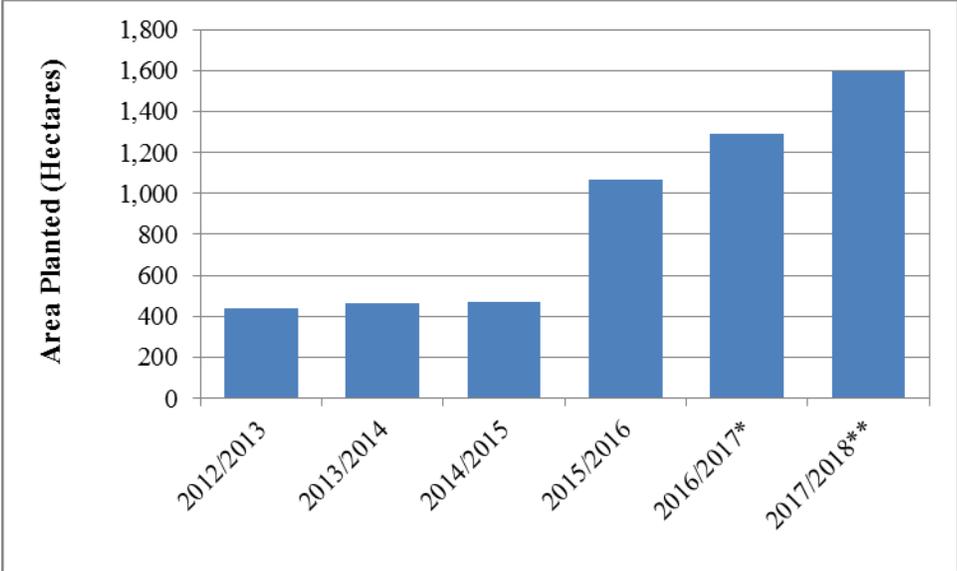
Production

Post estimates that the 2016/17 MY blueberry production will rise by ninety percent to 6,300 tons, from 3,317 tons in the 2015/16 MY, based on the increase in area planted, new plants starting to bear fruit and improvement in yields as growers refine their production practices. The growth in production over the past five years is largely driven by new land being utilized for blueberry production.

The Western Cape Province is the leading blueberry producing area in South Africa, accounting for at least sixty percent of the production, followed by Limpopo (15%), North West (10%), Gauteng (8%), Eastern Cape (4%), Free State (2%) and Mpumalanga (1%). The three biggest producers in the industry are Berryworld, Haygrove and United Exports.

Figure 2 shows the growth in area planted to blueberry since the 2012/13 MY. The significant growth in the area planted to blueberry in the 2015/16 MY, is due to expansion from local growers, new land under production, and new investments from international growers.

Figure 2: Area Planted to Blueberry

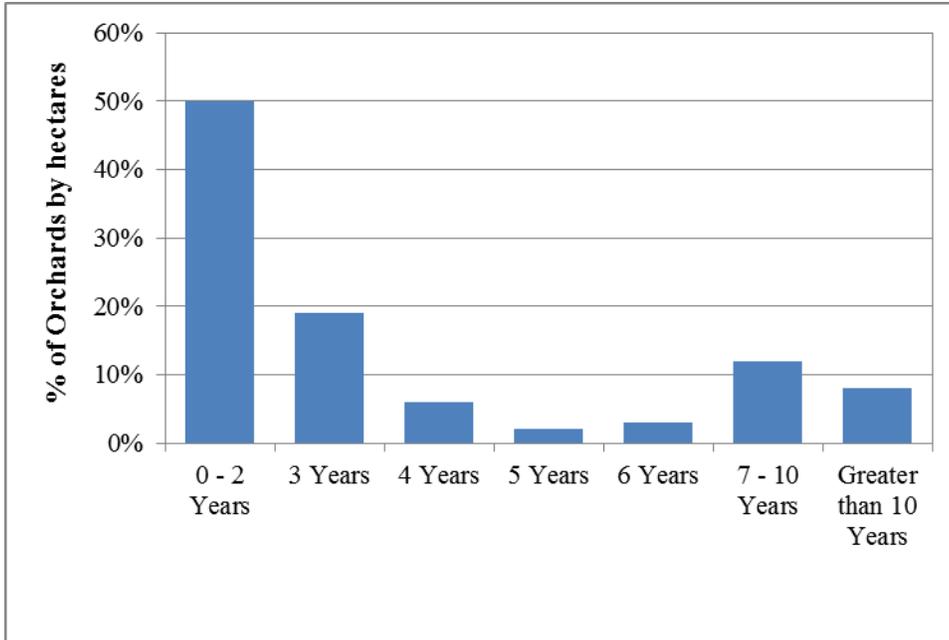


*Estimate; ** Forecast.

Source: SABPA

Blueberry plants take up to two to three years to start producing fruits of export quality. **Figure 3** shows that about fifty percent of the orchards are between 0 to 2 years old, and nineteen percent are 3 years old, which confirms the new investments into the sector, new land under production and that the industry is still in its “infant” stage. This would also suggest that significant growth in production should be expected in the next two years.

Figure 3: Age of Blueberry Orchards as at 2017

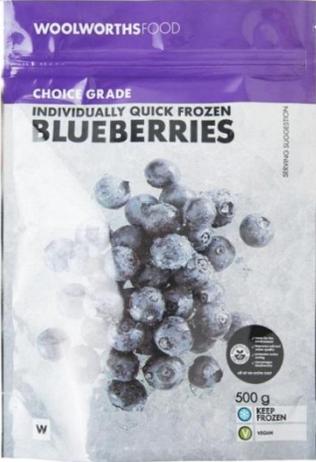


Source: SABPA

Fresh Domestic Consumption

Post estimates that the 2016/17 MY domestic consumption of fresh blueberries will increase by eighty-one percent to 800 tons, from 440 tons in the 2015/16 MY. This is due to increasing demand from health conscious consumers and the availability of blueberries in high-end supermarkets such as Woolworths. Blueberries are an exotic fruit, and perceived as very expensive to the majority of consumers in South Africa. As a result, in the 2016/17 MY only about twelve percent of the total blueberry production was consumed fresh in the domestic market. **Table 1** shows two blueberry products at Woolworths supermarkets.

Table 1: Examples of Blueberry Products at Woolworths

Frozen Blueberry 500 g	Fresh Blueberry 180 g
	
Price: R 69.99 (US\$5.38)	Price: R39.99 (US\$3.08)

Source: Woolworths

Processing

Blueberries are also utilized for processed consumer oriented products in South Africa, mainly, confectionary products, juice and dairy products such as ice creams and yogurts. About seventeen percent of the blueberry production is processed in South Africa. Due to the nascent domestic consumption, there is potential in the growth and supply of the wide range of blueberry products from the United States that are not found in South Africa.

Exports

Traditionally, South Africa exports at least seventy-five percent of the blueberry production. Post estimates that the 2016/17 MY exports will increase eighty-four percent to 4,500 tons, from 2,448 tons in the 2015/16 MY, based on the increase in production and high demand in international markets. The United Kingdom (UK) is the major market for South African blueberry accounting for about sixty percent of the exports, followed by the rest of Europe (30%), Africa (6%), Asia (3%) and the Middle East (1%). This is largely due to the influence of UK based growers and marketers who have played a major role in establishing the industry in South Africa. Notably, South Africa has a free trade agreement with the EU. With respect to the global blueberry market, South Africa's main competitors are South American countries such as Chile, which produces about 140,000 tons of blueberries, Peru which produces about 40,000 tons, and Argentina which produces about 25,000 tons, annually.

Imports

Blueberry imports are currently minimal and range between 40 tons and 60 tons.

Table 2: PSD

Blueberries	2014/2015	2015/2016	2016/2017
-------------	-----------	-----------	-----------

Market Begin Year South Africa	Sept 2014		Sept 2015		Sept 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Ha)		471		1,068		1,300
Beginning Stocks		0		10		45
Total Production		2,369		3,317		6,300
Total Imports		40		50		60
Total Supply		2,409		3,377		6,405
Total Exports		1,792		2,448		4,500
Domestic Consumption		330		455		800
Processing		277		429		1,050
Ending Stocks		10		45		55
Total Distribution		2,409		3,377		6,405
(MT)						

Source: SABPA and Post calculations